



## **Economic Digest 36**

**February 2023**

### **Opening up the Rail Lines**

Transnet, which has been struggling with management and operational problems, is finally in the process of seeking out private investment to help it mitigate inefficiencies and declining revenue. Private investment in SA's ports and rail is one of the key areas of structural reform the government has identified in its overhaul of the economy in order to boost investment and job creation. The following articles detail some of these plans.

#### **Sharing the railroad**

State-owned rail operator Transnet is finally going to allow private enterprise to operate on some of its lines. Traxation, a private rail company with interests in Sub-Saharan Africa, is set to win the contract to run freight trains between Kroonstad and East London. The deal will see the private sector supplying the rolling stock while Transnet maintains the infrastructure.

<https://tinyurl.com/2p9fce4p>

[Please note that a subscription is needed to access the article.]

#### **Handing over the keys to the Durban – Johannesburg line**

Transnet is looking for a private sector partner to take over the container corridor between Durban and Johannesburg. An investment capital of at least R5.5 billion will be needed to conduct operations on the 670km run of double-track electrified rail.

<https://tinyurl.com/49tm95nc>

#### **Making it work**

“For a private-public sector partnership to work, Transnet should put in place less onerous tender terms, including not asking for large capital requirements for the maintenance of infrastructure, and offering lease terms of longer than 20 years.”

<https://tinyurl.com/bdhibwxja> and <https://tinyurl.com/3ef47wuu>

#### **Partnering rather than privatising**

“The state-owned ports and freight operator has ruled out a complete privatisation of its assets, but has invited private players to participate in its rail and port network [which] has been hampered by inefficiencies, ageing infrastructure and congestion.”

<https://tinyurl.com/229ms45v>

---

**Kenny Pasensie**  
**Project Co-ordinator**  
[kenny@cpllo.org.za](mailto:kenny@cpllo.org.za)

This Digest, or parts thereof, may be reproduced with acknowledgement.